

Congresswoman meets with citizens affected by financial crisis

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DAYTONA BEACH - U.S. Representative Suzanne Kosmas came to "Main Street" to discuss Wall Street earlier this week.

Ms. Kosmas visited the Community Legal Services of Mid-Florida to discuss the local impact of Wall Street reform with Central Floridians and agency staff affected by the financial crisis.

The Wall Street Reform and Consumer Protection Act, which was passed by the U.S. House of Representatives on June 30, includes procedures to shut down financial firms considered "too big to fail."

The legislation will also end taxpayer-funded bailouts of failing companies and impose tighter regulations on big banks, according to Ms. Kosmas.

"We have attempted to fix the problem, but going forward, working to make sure it never happens again is important," she said to constituents during the meeting.

A major local effect of risky financial practices is the rise in foreclosures. Larry Glinzman, Public Relations Manager for Community Legal Services, said 20 percent of the cases his firm handles involve foreclosures.

Ms. Kosmas noted certain neighborhoods known as redlines were targets of "egregious" financial behavior such as subprime lending, as residents of redline neighborhoods were discriminated against by being refused credit and mortgages.

Subprime lending was one of the causes of the economic crisis because financial firms offered mortgages to those who could least afford a mortgage.

"The toxicity eventually emerged and we recognized that people had been taken advantage of," Ms. Kosmas said.

She added that although service providers and loan originators exploited consumers, consumers might not have acted on their own best interests as well.

Fixing the issue, she said, involves "roadblocks" discouraging risky practices from reoccurring.

"It doesn't fix all the problems that are on the books ... but it certainly puts the speed bumps in the way to prevent it from happening in the future," said Ms. Kosmas.

Jennifer Beckwith, a senior advocate for Community Legal Services, said senior citizens are affected not only through the loss of retirement money, but also from their extended families' economic situations. Because of this, more seniors are depending exclusively on Social Security to get by.

This, she said, causes them to be more vulnerable to financial hardships.

"If they have one little setback, say a stolen car or a large medical bill, then there's no fallback for them," she said.

Community Legal Services, a nonprofit law firm providing free civil legal services to needy individuals within 12 Florida counties, handled 6,000 cases in Volusia and Flagler Counties in 2009 - an increase of 1,000 cases from the previous year.

Aside from bankruptcy, foreclosures and financial exploitation, the firm also saw an increase in cases involving divorce, child support and domestic violence.

"If it's not that the client has been personally affected by the financial crisis, the issue has been affected by the financial crisis," Mr. Glinzman said.

The need for services, he said, stretches beyond low-income residents, which he sees as a sign of the difficult economic climate.

"It's not just your traditional, poor person living week to week on a low salary," he added. "It's everybody."

He said the organization turns away two out of every three people requesting help because the firm does not have enough people on staff.

Ms. Kosmas is hopeful the economic conditions will improve soon.

She said the stimulus act passed last year saved police, teaching and infrastructure jobs and created new opportunities for small businesses, adding that the state government in Tallahassee still has stimulus money to spend.

"I hope we'll continue to see improvement in the second year of implementation," she said. "We had to invest in this economy. We had to invest in America."

She also responded to opposition against the stimulus bill by acknowledging the frustration of the public.

"I feel that people are frustrated, obviously. I think, unfortunately, we're at a situation where the polarization in this country is dividing us rather than uniting us," she said.